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Foreign Economic Trends and Their Implications for the United States

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SWEDEN

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SWEDEN: KEY ECONOMIC INDICATORS

GDP BY COMPONENTS	VALUE (1) MILLION US$	PERCENTAGE VOLUME CHANGE		
	1989	1988	1989(p)	1990(e)(2)
Private Consumption	98,781	+2.5	+0.8	+1.3
Total Public Consumption	49,464	+1.1	+1.4	+1.7
(of which Central Government)	13,840	+0.2	+1.3	+2.0
Gross Investment	38,558	+6.4	+6.2	+1.7
(of which Private Industry)	7,987	+5.4	+10.0	+3.0
Inventory Formation (& % of GDP)	578	(+0.3)	(+0.7)	(0.0)
Exports of Goods and Services	62,607	+3.3	+3.6	+2.9
Imports of Goods and Services	60,344	+5.8	+6.1	+3.5
GDP	189,644	+2.3	+1.8	+1.3

TRADE AND BALANCE OF PAYMENTS	BILLION $	BILLION SEK, CURRENT PRICES		
	1989	1988	1989(p)	1990(e)
Exports of Goods f.o.b.	52.2	304.8	335.7	358.7
Exports to United States(3)	4.9	30.1	31.2	N/A
Imports of Goods c.i.f.	48.9	280.5	314.7	335.3
Imports from United States(3)	4.0	21.0	25.6	N/A
Balance of Trade(4)	+3.1	+23.4	+20.0	+18.1
Net Tourism(5)	-2.4	-13.6	-15.6	-17.2
Balance on Current Account(5)	-5.0	-14.1	-32.2	-37.5
Balance on Capital Account	+6.2	+26.8	+39.8	N/A
Foreign Exchange Reserves	9.4	53.7	60.7	N/A

MEMORANDUM ITEMS	PERCENTAGE CHANGE		
	1988	1989(p)	1990(e)
Industrial Production	+3.0	+3.0	+1.7
Real Disposable Income (1985 Prices)	+0.6	+3.3	+2.6
Average Hourly Earnings in Industry	+8.4	+10.0	+7.0
Producer Prices, Annual Average(6)	+5.8	+7.1	+4.2
Consumer Prices, Annual Average	+5.8	+6.4	+7.9
	AS MARKED		
	1988	1989	1990
Central Bank Discount Rate, Year-End (%)	8.5	10.5	N/A
Money Supply, M3(7), Year-End(SEK, bill)	616.2	623.2	N/A
Yield on Industrial Bonds, Ann.Av. (%)	11.30	13.75	N/A
Labor Force, Ann.Av. (thousands)	4,471	4,527	4,541(e)
Open Unemployment Rate, Ann.Av (%)	1.6	1.4	1.5(e)
Exchange Rate(8) (SEK per US$1.00)	6.12	6.43	6.2

1. Source for GDP component values, Economic Research Institute.
2. Estimates from Preliminary National Budget (PNB) Jan.1990, based on assumed 1990 wage cost increase of 8.5 percent and increase in consumer prices of almost 8 percent. When forecasts differ, text so indicates.
3. 1989=12-month period from Dec.1988 through Nov.1989.
4. Includes statistical correction. Source for 1989, Central Bank.
5. Source for 1989, Central Bank.
6. Manufactured goods, excl. shipbuilding. Source, Economic Research Institute.
7. M3=sum of non-bank public's deposits--all kinds in all types of banks, notes, and coins in circulation outside banks.
8. Annnual averages. 1990=Embassy's prediction, based on March rate.

Main imports from United States, Jan.-Nov.1989 (US$million): Machinery & appliances, 760; electronic processing & communications equip., 742; motor vehicles & other means of conveyance, 624; chemicals, pharmaceuticals, & plastic materials, 243; instruments & optical goods, 222; foods, beverages, & tobacco, 193; coal & coke, 42.

Sources: Swedish Finance Ministry and its Economic Research Institute; Central Bank; Statistics Sweden; and Labor Market Board.

SUMMARY

Swedish firms, with profits remaining high, continued to work at peak capacity in 1989. Unemployment stood at a paltry 1.5 percent, shortages of skilled labor were in evidence in many sectors, and inflation continued strong. Ongoing tax reform is being financed by raising existing indirect taxes and introducing new ones. Since centralized wage bargaining of the traditional Swedish model has broken down, the situation was ripe for a free-for-all on the wage front. Strikes, both legal and illegal, were weekly events in late 1989, and in early 1990 commercial banks operations were brought to a standstill for 3 weeks until a pay settlement was reached. Average hourly earnings for businesses in 1989 rose almost 10 percent; the rise in 1990 is not expected to be much less. With a rapidly deteriorating current account balance and GDP growth at less than 2 percent in 1989 and slowing still further in 1990, some stabilizing measures are called for.

Sweden's minority Social Democratic Government attempted to introduce a restraining package in early 1990 but was defeated in the Parliament and consequently resigned. In the absence of any viable alternative government and with the next scheduled elections only 18 months off, the Social Democrats were able to return to office without having to appeal to the electorate. A more palatable mix of measures was then put before Parliament, and a national mediator was appointed to perform the unpromising task of talking down inflation. Meanwhile, in the absence of strong measures to stabilize the situation, the Central Bank intervened in the money market and raised interest rates to the 15-percent level to avert a run on the krona. Although these high interest rates may dampen investments, they will cool personal consumption which the present Swedish political situation is unable to achieve. Swedish interest rates will almost certainly remain high throughout 1990. Some dampening of general business activity is expected during the course of 1990, and unemployment is likely to rise.

GENERAL BACKGROUND

Sweden is an advanced, industrialized country with a high standard of living and an extensive social services system. A constitutional monarchy slightly larger than California, it has a population of only 8.4 million, 0.16 percent of the world population. Economically Sweden is much larger, accounting for roughly 2 percent of global gross production. As a trading nation, Sweden is dependent on world economic developments, and must adjust to them.

The country has a modern distribution system, excellent internal and external communications, plus a skilled and educated work force. The traditional resource base of the economy is timber and hydroelectric power. Almost one-third of GDP is exported; consequently, Sweden is a strong supporter of liberal trading practices. Privately owned firms achieve nearly 90 percent of industrial output, with the engineering sector (including production of electrical and transportation equipment, machinery, and metal goods) accounting for nearly half of all industrial production and exports. Much of the growing high-technology component of this production derives from U.S. technology. Sweden spends nearly 3 percent of GDP on research and development.

The Social Democrats have been in power in Sweden since the early 1930s except for a period of non-socialist rule from 1976 to 1982. The party was reelected in September 1988 for a 3-year term of office, but needs the active support of at least one other party for a majority vote in Parliament. In an abortive effort to introduce an economic tightening package in early 1990, the government did not win the necessary support in Parliament and resigned, only to be reinstated 12 days later without going to the polls, for lack of a viable political alternative. The next general election is scheduled for September 1991.

Domestic economic policy goals are aimed at maintaining full employment, promoting a more even distribution of income, generating economic growth, and striving for a reasonable degree of price stability, in that order. The policy instruments used to achieve these goals are traditional monetary and fiscal ones, as well as an active labor market and regional development policies. These programs have required constant financial underpinning, and the tax burden on the economy has grown from 50 percent of GDP in 1980 to an estimated 57 percent in 1990. Of the country's overall economic growth since 1982, taxes have absorbed nine-tenths. This increase was partly due to discretionary tax hikes, but was mainly the result of the automatic effects of the country's progressive tax scales.

Marginal tax rates on personal income in Sweden have inched up over the years to levels which are now recognized as detrimental to the efficient working of the economy, and efforts are being made to reduce those rates to buttress the work incentive. By 1991, marginal income tax rates will have been reduced to 50 percent for most taxpayers and corporate tax rates to 30 percent. Most of these changes are being financed by increasing various existing spot taxes and imposing value added tax on hitherto wholly or partly exempted areas, which is fanning the flames of inflation. Social security contributions for the workforce add a further one-third or so to employers' wage bills.

As in the EC countries, most goods and services for domestic consumption are subject to a value-added tax, at an effective rate of 23.46 percent of the retail price. Trade in industrial products between Sweden and EC and EFTA countries is not subject to customs duty, nor are a significant proportion of Sweden's imports from developing countries. Import duties are among the lowest in the world, averaging less than 5 percent ad valorem on finished goods and around 3 percent on semimanufactures. Most raw materials are imported duty free.

The projected formation of the EC's single market by 1992 poses problems for Sweden. Neutrality has hitherto precluded Swedish membership in the EC, and Parliament reaffirmed this stance in 1988. Sweden, with other EFTA members, is currently negotiating with the EC to form a European Economic Space with free movement in goods, services, capital, and persons among its member countries. In the meantime, major Swedish exporting firms are doing what they can to gain footholds inside the EC market, and there is a risk of a manufacturing drain to that dynamic area. Although the Swedes are straining themselves to harmonize with the EC, among other things by dismantling foreign exchange controls and deregulating financial markets, Sweden may find the business climate inclement outside the fold of membership. As a measure of EC strength vis-a-vis Sweden, it may be noted that the EC in 1985 accounted for a quarter of the total supply of industrial commodities in Sweden, while Sweden's share of the same market in the EC was only 1 percent, a ratio of 25:1. Energy is another major problem facing the country, which has a cold climate and no significant indigenous fuels. Acting on the outcome of a 1980 referendum, Parliament has taken a decision to dismantle the country's existing 12 nuclear reactors by 2010, beginning with two in the mid-1990's. At the same time, however, Parliament has also declared that it will not allow either hydroelectric power plants to be built on remaining unexploited rivers in the north of the country or allow carbon dioxide emissions to increase above present levels. How the government will try to resolve this dilemma is not yet known.

CURRENT ECONOMIC SITUATION

After several successful years in the mid-1980s, Sweden is again facing considerable difficulties which became increasingly embarrassing in 1989 and early 1990. Chief among them were soaring prices and costs, which are creating problems for the sectors of the economy exposed to competition. Resource utilization in the Swedish economy was high in 1989, and production capacity was strained to the limit. The economy was thus overheated, and prices and costs rose much more than in competitor countries. Despite a sharp rise in labor supply,there were manpower shortages in many sectors and regions. A second problem was low growth in general. GDP rose less than 2 percent

in 1989, remarkably little considering that the hours worked rose about 1.5 percent. Economic growth was hampered by slow productivity growth. Personal saving is negative, and the current account balance is showing rising deficits.

The economic stage darkened still further in early 1990. Activity in the industrial sector weakened, exports flagged, while domestic demand developed relatively strongly with an unabated surge in import growth. In addition, wage costs and domestic market prices continued to rise rapidly. The labor market was in a state of unrest in late 1989 and early 1990, with a number of key sectors on strike for more pay. Prices for oil and other imports rose markedly, while export prices exhibited a stagnating trend. The balance on current account deteriorated still further.

The problems were compounded in February when the minority Social Democratic Government attempted to introduce an economic restraint package containing measures distasteful to all opposition parties. The package was rejected by Parliament, whereupon the government resigned and the finance minister retired from politics. In the ensuing economic hiatus, the Central Bank raised interest rates enough to stem an outflow of currency and strengthen the krona against speculation. The minority government with a new finance minister and deputy finance minister was then reinstated without an intervening election. A revised and politically more palatable package of economic measures was placed before Parliament. It included a temporary freeze on prices and rents, a freeze on municipal taxes in 1991, a hike in spot taxes on alcohol and tobacco, and beginning in 1991 the payment by employers for the first 2 weeks of sick leave (previously the responsibility of the national health insurance authority). The government hopes to restrain pay increases in 1991, when income taxes will again be reduced, to well below the 10 percent average increase of 1990.

Investment and Banking: Sweden is generally receptive to foreign investment, except in strategic areas of the economy or where change of ownership could result in severe local unemployment. Foreign ownership is prohibited or restricted in air transportation, the merchant marine, manufacture of war material, publishing, mining, and forestry. U.S.subsidiaries in Sweden employed 28,000 people in 1988, 15 percent of the work force of all foreign-owned subsidiaries. The book value of direct U.S. investment in Sweden at the end of 1988 was just under $1.1 billion (U.S. data). Swedish figures indicate net U.S. investments in Sweden doubled from 1988 to 1989 to about $100 million. The upswing in domestic Swedish investment in 1987 and 1988 continued in 1989, when total fixed investment grew more than 6 percent. Industrial investments, stimulated by high profit levels and high capacity utilization grew 10 percent.

In 1986, foreign banks were allowed to establish subsidiaries but not branch offices in Sweden. Two U.S. banks exploited this opportunity. Since then, reciprocity pressures have forced Sweden to allow foreign banks to open branch offices. From mid-1990, foreign banks should be able to enjoy the full financial backing of their parent institutions.

Sweden applied a battery of foreign exchange controls until the international deregulation process, particularly that in the EC, forced it to follow suit in the latter half of the 1980s. By mid-1989, the only remaining restrictions were the requirement that Swedish Government bonds acquired by interests outside the country be deposited in a Swedish bank or with an authorized stockbroker and the prohibition of Swedish individuals (and some firms) from making deposits in foreign banks and from paying life insurance premiums to insurance companies outside the country. Various transaction requirements remain in place to maintain statistical coverage and ensure satisfactory tax control.

Foreign Trade: Trade is vital to Sweden: imports and exports of goods and services account for almost two-thirds of its gross domestic product. Industry dominates the picture, with manufactured products accounting for around 85 percent of exports. Thus, much of the country's economic performance is dictated by factors outside its borders and beyond its control. Most of Sweden's important markets lie in Western Europe, due to the formation of a free trading area for industrial goods and to low transportation costs and other geographical factors. Of Sweden's total commodity exports in 1989, over half went to the EC and 20 percent to EFTA partners. In comparison, 10 percent went to the United States, 3 percent to countries with centrally planned economies, and 2 percent to Japan.

U.S.-Swedish Trade: Folliwing World War II, the United States enjoyed a trade surplus with Sweden, but by 1983 the effects of Swedish devaluations and a strengthening dollar brought a turnaround in Sweden's favor. The dollar has weakened by almost one-third against the krona since 1985, giving U.S. goods an extra competitive edge which is reflected in the trade figures. In 1988, the U.S. share of Swedish imports stood at 7.5 percent and its share of Swedish exports at 9.9 percent. From December 1988 through November 1989 (the latest figures available), the U.S. share of Sweden's imports rose further to 8.2 percent, while the share of Sweden's exports stayed about 10 percent. Sweden's trade surplus with the United States during this period was about SEK 6 billion (just under $1 billion). Three-quarters of Sweden's exports to the United States are automotive products, machinery, and electrical equipment, of which half is Volvo and Saab cars (the United States imports almost 60 percent of Sweden's total car exports).

Balance of Payments: Sweden's trade surplus has been 2 percent or more of GDP for a number of years. An important reason for this favorable development in recent years is that Swedish firms have been able to obtain good prices for their exports, while import prices have grown at a slower rate. This improvement in terms of trade, as seen from the Swedish angle, is expected to continue in 1990 but probably cease in 1991. This will bring some increase in Sweden's 1990 trade balance.

The balance on current account showed a deficit of about SEK 32 billion in 1989 (2.6 percent of GDP), a deterioration of some SEK 20 billion compared with 1988. Much of this was due to a weakening in net payments of interest and dividends. Swedish acquisitions of foreign firms have increased sharply during the past few years, particularly in the EC. Total net outgoing investment rose from SEK 32 billion in 1988 to almost SEK 44 billion ($6.8 billion) in 1989, of which SEK 32 billion went to the EC and SEK 7 billion to the United States. These direct investments are frequently financed abroad, and interest payments on the loans are debited against the current account balance. Although reinvested profits from these investments are not recorded in the balance, which in reality is therefore lower, the deteriorating trend is nonetheless clear and a cause for concern. Because of the inability of the minority government to exert the necessary restraint on the economy and hence protect the currency, the Central Bank intervened in the money market in the early part of 1990 and raised interest rates well above most other West European levels. By March, the 6-month rates stood at 15 percent, and rates for 5-year standard bonds at half a percentage point lower. The krona strengthened and an initial outflow of currency was turned around. Swedish interest rates will probably remain high throughout 1990. Although this may dampen industrial investments to some extent, it will also exert a cooling effect on the economy at a time when international business activity is high. The 1990 deficit in the balance on current account is forecast by the government to be SEK 38 billion, or the equivalent of 2.8 percent of GDP, which may well prove to be on the low side.

PRODUCTION

Industry: Industry employs roughly one-quarter of Sweden's labor force. Production in mining and manufacturing has grown at about the same pace as the average of Western industrialized countries but faster than the average of competitors in Europe. The upswing in the industrial business cycle which began in 1986 peaked out in early 1989, and some signs of weakening became apparent during the year. Capacity utilization in industry, which was higher than 90 percent in early 1989, eased somewhat as the year closed, but was still very high a year later. The shortage of skilled labor in many sectors was still severe in

early 1990. The demand for Swedish industrial commodities in both domestic and export markets is expected to fall somewhat in 1990, but labor shortages will continue to restrain production in several industrial areas. The 3 percent growth of total industrial production achieved in 1989 is expected to be halved in 1990 for these reasons. Since the capital stock of industry will only rise by a percentage point or so, capacity utilization is expected to remain at the high 1989 level despite the weaker growth of industrial production.

Agriculture: Farming and forestry together account for 3 percent of Sweden's GDP. Excellent planting conditions in fall 1988 increased 1989 crop production. Grain production rose 17 percent to 5.5 million tons, and the exportable surplus rose 120 percent to 1.2 million tons. The 1990 grain crop is forecast at 5.5 million tons. The rapeseed crop in 1989 totaled 370,000 tons and is expected to reach a record of 376,000 tons in 1990. Soybean meal imports were down 20 percent to 170,000 tons in 1989. Milk production increased slightly in 1989 and is forecast to increase 2 percent in 1990, the result of a discontinued two-price program.

In December 1988, the Minister of Agriculture appointed a special task force to evaluate Sweden's 1985 Farm Program and propose a new food policy. In October 1989, the task force submitted its recommendations to the Minister of Agriculture. The principal changes recommended included: gradual reduction of agricultural support and protective measures in keeping with reductions by other GATT members; gradual abolition of domestic price control; further reductions in domestic production; adjustment of grain prices to world market levels; and temporary income support to grain farmers under a decoupled system starting July 1, 1991.

Forestry: A strong international market turned 1989 into a record year for Swedish forest companies. Total earnings were estimated at SEK 12 billion ($1.9 billion), compared with SEK 10.5 billion in 1988. The value of forest product exports for 1989 increased 6 percent to SEK 62 billion ($9.6 billion). Capacity utilization was 94 percent throughout the year. Paper production increased 3 percent to 8.4 million tons. Total pulp production increased 1 percent. Lumber production increased about 4 percent to 11.5 million cubic meters, of which 60 percent was for the export market. Domestic raw material deliveries increased 4 percent to reached 70 million cubic meters. Imports remained high at an estimated 8 million cubic meters, consisting mainly of pulpwood and wood chips for the pulp industry.

The Swedish Forest Industry Association predicts a leaner 1990. Although paper consumption in Western Europe is expected to increase 4-5 percent in 1990 and the demand for Swedish forest products will remain good, possible price increases will not meet the higher production costs in Sweden brought about by inflation.

Labor: Pressures grew in 1989 for fundamental changes in the "Swedish Model" of a consensual collective bargaining system. By the end of the year, with spiraling wage demands and the threat of major labor unrest, the model appeared on the brink of collapse. The SDP Government had to start looking at whether both price stability and full employment could be maintained. The chronic shortage of workers was making it increasingly difficult to maintain stable economic management.

Indeed, the country's underlying problems of low economic growth, stagnant productivity and declining international competitiveness have continued. The labor shortage has been exacerbating these weaknesses by widening wage drift as employers desperate for skilled labor pay what they must to get it. This has in turn further fueled growing discontent over wages within the heavily unionized public sector where one of three workers are employed. Such discontent boiled over in late 1989. Secondary schools were closed for several weeks in November and December during a teachers' strike. The police were ready to follow suit before a last-minute settlement was reached in December. The wage settlement in each case was around 20 percent for the succeeding period of about a year and a half. These exceptionally high settlements had an immediate impact in terms of raising wage expectations throughout the labor market.

The unemployment rate for 1989 was 1.4 percent, the lowest since 1970. The average number employed rose by 66,000 persons. The 2-year increase of 1988-89 of about 130,000 was the strongest rise since the 1974-75 boom. The number of hours worked in 1989 increased 2.1 percent. Still, manufacturing firms in 1989 reported the worst shortages of labor since 1974. Sweden spends around $3 billion (about 3.3 percent of GNP) on intrusive demand- and supply-side programs to keep its unemployment rate low. These measures include training programs, computerized job search service, public relief employment, and subsidized wages for the handicapped and hard-to-employ. Attention is now shifting more toward increasing the labor supply.

Labor force participation is about 83 percent, mainly due to the world's highest rate of female employment, over 80 percent compared with an average 55 percent in the industrialized West. Since full employment has been a priority goal of the Social Democratic Government, unemployment has been negligible in the 1980s--never more than 2.9 percent in the last 15 years--compared with around 8 percent in West Germany and about 10 percent in France and Denmark. This means, however, that Sweden has had almost no labor reserve for the current boom and the overheating of the labor market has made it much harder to maintain stable economic management. At the same time, industrial capacity is strained and economic growth is low. As in 1988, wages continue to rise faster than productivity and inflation combined.

CONSUMPTION

Public Sector: The central government budget has been consolidated from a deficit of 13 percent of GDP in 1982 to an current estimated surplus of about 1 percent. This was achieved by a propitious combination of budgetary austerity and a rapid growth of revenues resulting from brisk business activity, which also made it possible to scale down labor and industrial support programs. The financial position of the public sector has improved considerably during the current decade in parallel with the elimination of the budget deficit. From a deficit of 7 percent of GDP in 1982, public sector finances showed a surplus equivalent to 6 percent of GDP in 1989, thanks to strong increases in revenue coupled with subdued expenditure. Total taxes and employers' social security contributions were 56.8 percent of GDP in 1989 (taxes from personal income were 25 percent; corporate tax just under 3 percent; spot taxes 15 percent; employers' social security contributions 17 percent; and the hefty value-added tax almost 8 percent).

Personal Consumption: The social safety net available to all Swedes, together with the negative or low real interest yield on banked money, has led people to save less and less. In fact, Swedes are expected to continue spending more than they earn, though at a slower rate than in the past few years. The effect of the ongoing income tax reform is planned to be neutral in 1990, when real disposable income is forecast to grow by 2.5 percent and personal consumption by 1.3 percent.

Prices: Industrial wages in Sweden have risen several percentage points faster than thea weighted average of competitor countries since 1983. In 1989, the gap was almost 5 percentage points. This development is reflected in movements in consumer prices, where the average among the industrialized countries was 3 percentage points lower than the price level in Sweden at the end of 1989, when inflation stood at 6.7 percent. Financing the ongoing tax reform by raising indirect taxes will push up Swedish consumer prices in 1990 and 1991 to the 8 percent level at least.

IMPLICATIONS FOR U.S. EXPORTERS

The stabilization of the dollar has already led to an improvement in the price competitiveness of U.S. products and awakened an increased interest among Swedish buyers in the United States as a potential supplier of price-sensitive products in addition to the high-tech products which Sweden has been buying from the United States in recent years. U.S. figures show a surge of 16 percent in U.S. exports to Sweden in 1989 to $3.14 billion, while Swedish

exports decreased 2.1 percent to $4.9 billion. Although U.S. firms cannot be expected to match this rate on a sustained basis, Sweden should remain an interesting market for U.S. exporters. The following markets offer excellent export opportunities.

Computers and Related ADP Equipment: This market reached around $2.5 billion in 1989 and is expected to grow 15 percent a year. Of particular interest are add-on input/output equipment, networks, and graphics. The Swedish software market also offers good prospects. The personal computer applications software market was estimated at $85 million in 1989. This market, together with the systems software market, will increase at an annual average of 15-20 percent during the next 3 years.

Medical Equipment and Supplies: In 1988 total demand was estimated at $410 million and U.S. imports at $96 million. Health care will continue to be oriented away from hospitals and toward local health care centers. Thus, demand will remain stable for screening equipment (including x-ray), as well as analytical laboratory equipment. Interest remains strong for new techniques such as non-invasive biophysical measurement, less harmful means of obtaining anatomical images, and improved drug delivery systems.

Environmental Equipment: This field also offers good prospects for U.S. exporters of quality products and services. Swedes realize that only through technologies can they combat environmental problems and are looking to U.S. sources for technologies, equipment, and services.

Agricultural Products: Sweden offers a good market for U.S. agricultural products, particularly apples, pears, cotton, tobacco, and wine. There are some opportunities for U.S. exports of certain types of hardwoods and plywoods as well-forested Sweden has mainly spruce and pine.

Tourism: Sweden offers great opportunities for U.S. travel and tourism-related organizations. According to recent studies, the United States is the most preferred long-haul destination for Swedes. In the wake of the weakened dollar, 1988 showed a 25 percent increase in the number of Swedes visiting the United States. Enjoying a minimum of 5 weeks vacation, a high standard of living, and no visa normally required in the United States, Swedes have both the time and the means to travel.

The Commerce Department (at 202-377-4414) and the Agriculture Department (at 202-447-2791) offer specific information on a number of export services.